Historic, archived document

Do not assume content reflects current scientific knowledge, policies, or practices.

A280.39
M34Amw
cop. 4

UNITED STATES DEPARTMENT OF AGRICULTURE
Agricultural Marketing Service
Washington, D. C.

LIBRARY
CURRENT SERIAL RECORD
★ SFP 29 1959 ★
U. S. DEPARTMENT OF AGRICULTURE

ROLE OF GOVERNMENTS IN PRICING FLUID MILK IN THE UNITED STATES

Reprinted from

The Dairy Situation, September 1959

AMS - 335

September 1959

LIST OF TABLES IN SPECIAL ARTICLE

Table	Title	Page
1	Pricing practices of State Milk Control agencies, August 1959 .	39
2	Measures of the scope of the Federal milk market order program, 1947-58	40
3	An illustration of milk pricing formula using manufacturing milk	41
4	An illustration of milk pricing formula using economic indexes	41
5	Type of formula used in determining Class I price in each of the Federal order markets, July 1, 1959	42
6	Type of pool in each Federal milk order market and markets where base-excess price plans are used as of July 1, 1959 ...	43
7	Minimum Class I prices and premiums in certain Federal order markets and dealers' buying prices in specified other markets, 1947-58	44
8	Quantities of milk in Class I as percentages of total purchases of milk in selected Federal order markets, selected years, 1947-58	45
9	Average number of producers delivering milk, average daily delivery per producer during year, number of handlers at end of year, and 1950 population in 27 selected marketing areas under Federal orders, 1948 and 1958 with comparisons	46
10	Average number of producers delivering milk, average daily delivery per producer during year, number of handlers at end of year, and 1950 population in 47 selected marketing areas under Federal orders, 1958	47
11	Milk production and utilization: Ozarks, Missouri-Arkansas Federal milk marketing area and the State of Missouri, 1951-58	48
12	Dealers' buying prices for milk of 3.5 fat test, Ozarks, Missouri-Arkansas and Eau Claire, Wisconsin, 1951-58	48

Chart

	Geography of Fluid Milk Price Regulations	22

ROLE OF GOVERNMENTS IN PRICING FLUID MILK IN THE UNITED STATES

Government participation in the pricing of fluid milk in the United States was inaugurated on a rather broad scale in the early 1930's. A number of States enacted legislation to stabilize milk markets in an attempt to raise prices for milk. The Federal Government entered the fluid milk pricing field following passage of the Agricultural Adjustment Act in 1933. Expansion of Government participation in milk pricing was slow in the late 1930's and little growth occurred during the 1940's. However, during last 6 or 8 years, the role of Governments in pricing milk has reached a new high level. As of mid-1959, a total of 77 Federal milk marketing orders were in effect in United States. In the last two years only two States, Nevada and Louisiana enacted legislation to establish milk prices. Within the past year one State, Connecticut, discontinued pricing of milk, and a Federal order for the State as a whole, was established.

It is of interest that in a number of recent sessions of State legislatures bills have been introduced to establish agencies for directly regulating milk prices. A number of the States without milk control laws, are indirectly affecting milk prices through regulation of such "fair trade" practices as those relating to selling products below cost, price discrimination, granting discounts or rebates. Many States with milk pricing regulations inforce such measures in order to obtain compliance with its resale prices.

Dynamic changes in the production and marketing of milk are responsible for the increased demand by producers and other elements in the dairy industry for Government participation in milk pricing. The changes that have been affecting marketing are both institutional and economic. Institutional changes consist primarily of the decrease in number of distributing firms involved in fluid milk handling and, at the same time, the increase in size of such firms, in some instances to national distributorships. Accompanying this growth has been some increase in the size of cooperative organizations that farmers develop to bargain for the pricing of milk. As fewer parties on both sides become involved in the price negotations procedure it has become necessary to an increasing extent to have a third party to assist in the determination of prices. Many of the changes which might be described as economic in nature have a beginning in technological developments. Examples of these are improvements in efficiencies of producing and handling milk on farms, and even more important, perhaps, the improved facilities for handling and trucking milk from farms to the processing plants and finally from the processing plants to the ultimate consumers. Developments of this nature have added to the geographical coverage of individual market areas and have made for increased competition from different points of production and consumption. A great deal of the movement now involves more than one State. This has been a factor in the increasing demand for Federal orders, since an individual State cannot regulate the marketing of milk which comes from outside its borders. By the same token, more attention must be given economic conditions in other markets though the order is still established and maintained for a separate localized area.

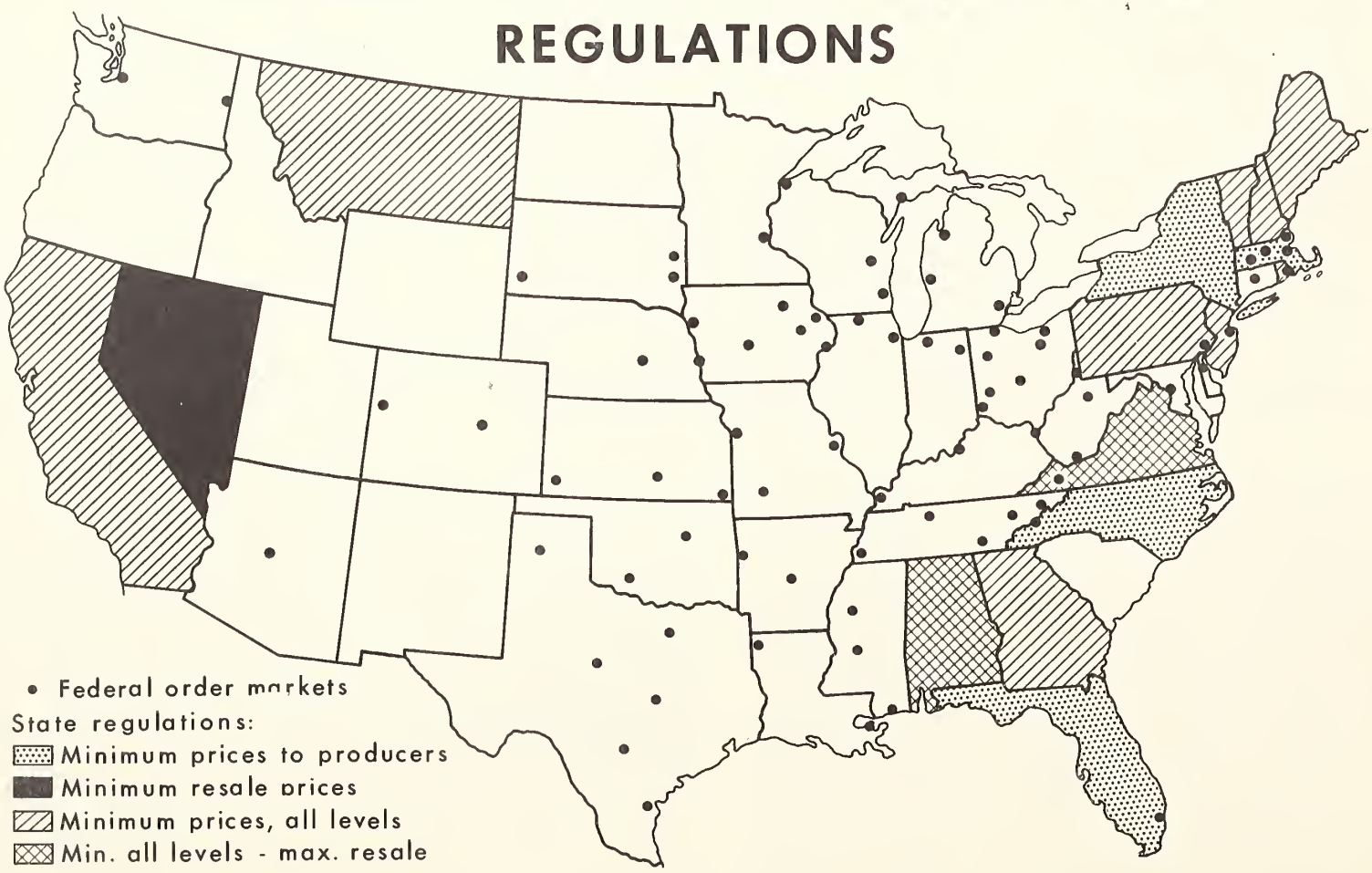
Federal authority for the regulation of milk handling and participation in the price determining process was first provided in the Agricultural Adjustment Act of 1933. The Federal orders of the present time, however, are based on the Agricultural Marketing Agreement Act of 1937, as amended. This act sets out in detail the general authority granted in the earlier legislation. The authority for regulating milk prices in individual States is of course the State law. Eighteen States have regulations establishing milk prices. Under these laws, producer prices are fixed in 15 of the 18 States, authority for such regulation exists in the other two States but has not been exercised to date. Resale prices are established in 12 of the 18. (See table 1.)

The total influence of Federal and State milk pricing activities goes well beyond the area actually controlled by these two jurisdictions. About 40 percent of milk now sold wholesale by farmers is marketed under the terms of the 77 Federal milk marketing orders. In 1958, more than 186,000 farmers sold 36 billion pounds of milk to purchasers who were required to pay the minimum prices established by these orders. The total farm value of milk marketed under the program was over 1.5 billion dollars. The markets in which Federal milk orders operate are listed in table 1 and are shown in the accompanying chart. Of the 36 billion pounds of milk that moved directly to Federal order markets in 1958, about 26 billion pounds were sold for consumption in fluid form. Some of the State laws apply only to certain areas within the States. Making allowance for this, it is estimated that milk control laws affected directly another 16 or 17 billion pounds of milk in 1958, 12 billion pounds of which was consumed in fluid form. Prices for fluid milk in many markets not covered by Federal or State measures are influenced by the prices established in the areas under the control of either jurisdiction. (See table 2.)

Federal Milk Marketing Orders

Pricing of milk for fluid use is accomplished by marketing orders in the case of those markets where prices are established under Federal authority. A milk marketing order is a legal instrument issued to apply to a certain specified local area and requires all milk dealers (usually called milk handlers) to pay certain minimum prices for the different use classifications and to observe certain terms of sale with respect to milk purchased from milk producers. Although the orders are issued primarily to establish minimum prices to producers, only milk handlers are regulated under a Federal order. The handlers are directed to pay not less than minimum prices established in the order and to comply with certain rules regulating the handling of milk in the market. Federal orders do not fix resale prices for milk. Wholesale and retail prices for fluid milk, unless prescribed by State authority, are established through competition among handlers in line with the minimum price for milk purchased. The Federal order does not prevent the payment of a price in excess of the minimum established in the order itself.

GEOGRAPHY OF FLUID MILK PRICE REGULATIONS



CLASSIFICATION OF STATES BASED ON AUTHORITY CURRENTLY BEING EXERCISED.

DATA AS OF JULY 1, 1959

U.S. DEPARTMENT OF AGRICULTURE

NEG. 7441-59(8) AGRICULTURAL MARKETING SERVICE

Prices are established on a class use basis. Milk sold for a fluid use is priced at a level which is consistent with the value of milk for the fluid market, and milk purchased in excess of fluid sales is priced at approximately a level of prices paid by dairy product manufacturers for milk they purchased exclusively for that purpose. Farmers receive a "blend" or a "uniform" price for milk which reflects the proportion utilized in different outlets as well as price levels in those outlets; the relationship between blend and the Class 1 prices varies considerably among markets.

Federal milk orders do not guarantee a fixed level of Class 1 price or a fixed level for the price of any other class for any period--short-term or long-term. Minimum prices are established by formulas for each class which are designed to maintain an appropriate relationship to other prices, that is, prices in other markets for the same classes as well as the general level of prices for manufacturing milk. The blend price in any given market usually changes each month even though the prices for the individual classes may remain unchanged. This fluctuation in the blend price is the result of changes in proportions used in the different classes. Federal milk orders do not control production or restrict the marketing by farmers of milk in any market. They do not establish sanitary regulations applicable to milk sold in fluid markets which are administered by local and State health authorities. With respect to the matter of health inspection as well as a number of other aspects of institutional arrangements, the Federal milk marketing order takes those conditions as given and is adapted to operate in the particular setting.

Procedure for Developing Federal Orders

A number of steps are involved in instituting a marketing order for any given milk market. Several months to a year or more may be required to complete the process. Steps in the procedure are as follows: (1) Action usually is initiated by cooperative associations of milk producers. This action usually takes the form of a petition to the Secretary of Agriculture of the U. S. (2) Upon receipt of the petition, accompanied by a proposed order, the Secretary may direct that an investigation be made as a basis for determining whether further steps should be taken toward establishing an order. (3) If it is decided to proceed, counter proposals are invited, then a notice of public hearing including the proposed order and other proposals are placed in the Federal Register. Simultaneously with the filing of the notice for publication in the Federal Register, a press release giving a summary of the proposed order is issued by the U. S. Department of Agriculture. (4) At the hearing, all interested parties, including producers, milk handlers and consumers, are given an opportunity to present facts and opinions relative to (a) interstate aspects of commerce in milk in the marketing area, (b) the need or desirability for an order, and (c) the specific terms of any order which might be issued. (5) Based on testimony presented at the hearing, a Recommended Decision and Order is developed and issued by the Deputy Administrator, Agricultural Marketing Service of the United States Department of Agriculture. These documents are filed for publication in the Federal Register. (6) A stated period of time, up to 20 days, is allowed for interested parties to examine the proposal and to file exceptions to any part of it. (7) The opinions expressed in these exceptions are considered, and changes in the original proposal are made as deemed necessary or desirable. (8) The final decision and final order are issued by the Secretary and published in the Federal Register. (9) The order becomes effective at a date specified by the Secretary after approval by at least two-thirds of the producers supplying milk for the area (if the order provides for individual handler pools, by three-fourths of the producers) during a representative period prior to issuance of the final order. The legislation provides that a milk producer's cooperative may vote all its members for or against a proposal. Orders usually are amended in the same manner as the original orders are developed and issued. To cope with emergency situations, orders are sometimes suspended, in whole or in part. An order must be terminated at the request of 50 percent of the producers supplying 50 percent of the milk for the market, and by the Secretary if he finds the order no longer carries out the purposes of the Act.

Administration of Federal Milk Orders

After a Federal milk order has been developed according to these procedures a market administrator is appointed by the Secretary of Agriculture to administer the program in the market area. The market administrator and the staff which he employs announce prices and collect reports from handlers which show quantities of milk used by each handler and payments made. One of the most important functions of the market administrator's staff is the verification of reports made by handlers. Auditors and dairy technologists perform the verification function. The expenses of the market administrator's office are paid from funds which are obtained by assessing handlers a specified rate per hundredweight of milk handled. This rate varies among markets.

Pricing Systems Established By Federal Orders

The Marketing Agreement Act requires the Secretary of Agriculture to employ the "classified use" basis when establishing minimum prices paid to producers. Milk used for fluid purposes in a regulated marketing area usually is placed in a Class 1, the highest price class. In a number of markets, cream for fluid used also is in this category. Milk utilized in manufactured products is classified in lower price classes. The classification procedure varies among the different orders depending upon local market circumstances.

Class 1 fluid uses generally include modified fluid milk products, such as flavored drinks, buttermilk and concentrated milk which must be produced from locally approved milk, as well as whole milk.

The encouragement of a supply of milk equal to the demand for milk in the marketing area concerned is a principal objective in establishing class prices under the Federal order program. The "prices of feed,

the available supply of feed and other economic conditions" referred to in the Agricultural Marketing Agreement Act are taken into account as they affect prospective market supply and demand conditions. Formula pricing plans have been developed as a means of establishing and maintaining class prices in accordance with these objectives.

So-called "manufacturing milk formulas" are used to establish Class I prices in most markets, and other class prices in all markets. Formulas of this type relate the class prices to market prices of manufactured dairy products or the value of milk for manufacturing purposes. To establish Class I prices specified differentials are added to manufacturing milk prices. These added differentials must be sufficient to induce enough producers to deliver a supply of approved milk adequate to meet the demand in the marketing area. Computations under this formula are illustrated in table 3 using the order for Detroit, Michigan, market.

An innovation in pricing fluid milk in Federal order markets was established in 1948 for the Boston market. This was "the economic formula" to replace a formula using prices for manufactured dairy products or the price of manufacturing milk. The price established by this formula related fluid milk prices to selected general economic indicators. This type of formula now is in operation in the Northeastern markets. In New England markets, these factors relate the milk price to certain costs of production, to changes in per capita disposable income in New England and to changes in the general level of wholesale prices--the BLS index covering nearly 2,000 commodities. The application of this type of formula to the New York-New Jersey market is illustrated in table 4 . In table 5 , markets are classified by type of formula employed, that is, whether a manufacturing milk value or an economic formula is used.

The use of formulas of either type constituted a step forward in the matter of adjusting supply of milk to dynamic changes in levels of demand without calling a hearing to establish a new level of milk prices. These formulas have been effective in bringing about many of the price changes needed in fluid milk markets. Developments in the production of milk and marketing conditions often require changes in relationships between milk prices and the formula factors. Many of these changes occurr so rapidly that the standard formula, whether the manufacturing type or the economic index type, has been unable to adjust rapidly enough. Beginning with the economic formula in New England and to an increasing extent in the last 8 years or so many formulas have incorporated in them a so-called supply-demand adjustment. This is an adjustment which automatically reduces the Class I price when supplies tend to become excessive relative to current demand and raises the Class I price when supplies tend to decline relative to the prevailing demand. For example, if the market requires a normal reserve of about 15 percent of Class 1 sales, in the season of short supply , Class 1 prices increase when the reserve declines below that figure, and the price is reduced when the reserve begins to increase relative to that level. (For markets using, see table 5)

The total value of milk received from producers is determined by multiplying the quantity of milk in each class by the respective class prices. The total value of all milk is divided by the total pounds of milk received from dairy farmers to obtain the uniform or blend price payable to an individual farmer. The uniform price may be computed separately for each handler or it may be averaged for all handlers in the market, depanding on whether the market operates as an individual-handler pool or a market-wide pool. The type of pool employed in the different markets is indicated in table 6 . Incidentally, one of the side benefits of a market order to producers is not related to price at all; this is the auditing service which is employed for the purpose of ascertaining the exact utilization of milk by each handler and thereby assuring that producers are paid according to actual use of milk. Among some producers this feature is as popular as the function of establishing price.

Under a market-wide pool there is an equalization device known as the "producer settlement fund". It operates so that each handler is debited at the total value of his milk at class prices according to its use. To determine an average price, the total value of milk bought by all handlers is divided by the total quantity of milk delivered by producers. The handler is then credited in the fund at this average price, which he is required to pay to the producers delivering milk to him. The handler pays into or receives from the fund the difference between the value of his milk in a given class use and payments made to producers at the average price. This equalization pool results in all handlers paying the same minimum prices for milk in each use classification and all producers receiving at least the same uniform price.

One of the problems in pricing milk results from the fact that seasonal variation in milk production traditionally is greater than seasonal variation in demand for milk. Several different plans designed to obtain a more even production of milk--a production pattern that more nearly matches the pattern of demand--have been used.

The earliest plan employed under Federal orders was the base-excess approach which was first used well before the advent of Federal orders. However, many administrative difficulties were encountered in attempting to use this procedure in the late 1930's. Under wartime milk shortages this feature became inoperative. Frequently, seasonal variations in Class 1 prices have been employed to introduce seasonal variations in return to farmers and at retail as well. A more recent procedure is the so-called Louisville Plan. Under this arrangement payments are withheld from producers based on total deliveries by producers in the flush season and repaid based on total deliveries in the short-supply season. Both the with-holding amount and the pay-back amount are uniform among all producers.

With the resumption of surplus milk output beginning in 1949 use of base-excess plans has been resumed in Federal order markets in an attempt to alter the seasonal pattern of milk output. Under this plan the producer establishes a production base for his farm. This base usually is established during the months of seasonally low production. He is paid the base price for deliveries up to his established base, and,

for any quantities delivered in excess of base, he receives a much lower price. Under this plan therefore, each producer receives a separate weighted average price for his milk, in contrast to the Louisville Plan under which producers received the same price. At the present time, producers are paid on various kinds of "base and excess" plans (table 6). These special pricing arrangements in addition to the normal seasonal pattern of milk prices to producers through the years definitely have induced a change in seasonality in milk production.

There is some indication, moreover, that in addition to altering the seasonal pattern of milk production, some of these plans have resulted in a greater annual production. One reason for this is that the measures required to obtain greater production of milk in the late fall and winter period are measures which tend to give a greater output of milk per cow for the year as a whole. One of these involves the shift in freshening dates for milk cows. Cows which calve in the fall, it has been demonstrated, under average farming conditions will produce more milk in their lactation than a cow of equal quality which freshens in the spring. Similarly, providing better roughages just to obtain greater production in the few months of short production will maintain the herd in better producing condition than the usual feeding program, and will thereby result in an increased milk output in the late months of the winter and the following spring and summer.

To administer a market-wide pool pricing system for a given market requires that conditions be specified under which milk producers and/or plants are eligible to participate in a market-wide pooling arrangement. Also, terms must be specified for marketing conditions of the non-pool shipper or the regulated plant buying supplies from sources which are not subject to the minimum regulated prices. For example, compensatory payments are used to cope with the situation arising from the operations of intermittent suppliers of milk to a designated marketing area. Some handlers who do a relatively small part of their total business in a Federal order market are relieved of the obligation of paying minimum class prices on all milk they buy from producers. However, to eliminate any price advantage that these handlers might have over fully regulated handlers on milk sold within the regulated market, such handlers are required to pay a compensatory charge on the quantity of milk sold in the regulated market. The charge is a rate approximating the difference between the Class 1 price paid by regulated handlers and the value of such milk in alternative outlets outside the market. The alternative value may be the price paid for milk in manufacturing uses or a higher alternative use value, depending upon the individual market.

The compensatory payment is made to the equalization fund and the proceeds are distributed in the uniform market price to producers who regularly deliver milk to the market. As soon as the intermittent supplier regularly disposes of a significant amount of milk in the area he usually is made a fully regulated handler, so that his producers become regular participants in the pool.

Some Significant Trends in Milk Prices and Uses in Federal Order Markets

In the quarter of a century that Federal milk marketing orders have been in operation there have been three rather distinctly different periods in terms of economic conditions under which the orders have operated.

I. During the 1930's the objective was to raise milk prices from their depression levels.
II. Shortages and price controls dominated the milk marketing scene during the World War II period.
III. In the postwar period attention has been focused on the need for price levels which would give a longer term balance between supply and demand in the milk marketing areas.

An important problem in the postwar period, has been that many milk markets of the country have been supplied with excess quantities of milk compared with demand for fluid milk, except for the periods 1947-48 and late 1950 through most of 1952. In the years since 1952 particularly, the Federal milk marketing mechanism has had a thorough test in adapting to dynamic changes brought about by two developments. One of these is the technological advances made in production of milk. Apparently these have led to lower cost of production so that at given prices a greater quantity of milk has been forthcoming. Secondly, the improved highway systems and improved facilities for handling and trucking milk have made the supply of milk of an individual producing area more readily available to distant points.

The need for flexibility in Federal milk pricing systems is emphasized by the fact that during the period these marketing devices have been in operation, the price of all milk sold at wholesale by farmers in the United States has fluctuated from less than $2.00 in the thirties to over $5.00 in some months of 1952.

The period of lowest prices in the postwar period was in late 1949 and early 1950. Then milk prices rose to a peak in 1952 and dropped again in 1952 and 1954, the time that the surplus of milk for the nation as a whole as indicated by CCC purchases of manufactured dairy products was at a record high level.

In general, blend prices, the average price received by U. S. farmers for all milk eligible for fluid use, have increased a little less since the 1953-54 level than have Class 1 prices. In recent years fluid buying prices have also been higher relative to manufacturing milk prices than in 1953-54. The smaller increase in average blend prices is due in part to the fact that the blend price is reported at average butterfat content and the average butterfat content of all milk delivered by farmers has been declining. The buying prices as reported are adjusted to a basis of 3.5 percent butterfat.

The indexes of minimum prices established for Class I milk and the blend prices under all Federal milk orders in 1958 were almost the same as the 1953-54 two year average. From the low of 1954, however,

blend prices in 1958 were up 3 percent and Class I prices were up 4 percent. Actual prices paid to farmers in some Federal order markets increased by larger amounts since premiums over order minimum prices were paid in several instances (table 7).

In table 8 , the percentage of receipts from producers which were used in Class I outlets are shown. In most instances, the percentage of receipts used in Class I in 1958 was considerably below that of 1947 but compared with 1953, when the large national surplus of milk prevailed, the utilization has improved in most markets. The two largest markets of the country, New York and Chicago, in 1958 used a smaller proportion of their receipts in Class I outlets than was the case of most other markets. This situation results because these markets draw milk supplies from a large supply area which also includes smaller markets. Milk in excess of the fluid requirements for the smaller markets tends to be pooled in the large markets.

In the past decade changes in number of producers shipping milk to individual markets have varied considerably over the country. These changes have come primarily from a change in the number within a given area involved in the production of milk and to some extent from shifts of producers between markets. Table 9 shows several markets for which comparisons are made in the number of producers delivering milk in 1948 and 1958 as well as other aspects about those particular marketing areas. Of the markets listed, Minneapolis-St. Paul market showed a 40 percent decline in number of shippers delivering milk in 1958 as compared with 1948. At the other extreme, Nashville, Tennessee, had 123 percent more shippers delivering milk in 1958 than 1948. A general caution should be registered, however, that these data are descriptive only of the scope and extent of regulation in each market. They are not an indication of different trends in the two regions. In Minneapolis-St. Paul, the order applied to 33 handlers in 1948 and to only 22 in 1958. On the other hand, the handlers in the Nashville market area supplied a much broader area in 1958 than in 1948, and the volume of milk and the number of producers attributed to the market was increased to meet the larger outlets. A phenomenon that is general in all markets, however, is the increase in volume of milk delivered per producer. Average daily deliveries per producer supplying Sioux City, Iowa, Omaha, Nebraska areas show increases more than threefold between 1948 and 1958. A number of other markets more than doubled the deliveries per producer between 1948 and 1958.

In recent years widespread efforts have been made by many processors of dairy products and concerned authorities to achieve higher quality manufactured dairy products. In most instances, this has meant the adoption by farmers of improved milk cooling and handling facilities over those previously used. Moreover, farmers are finding in many areas that the facilities needed to obtain a desired level of efficiency on their farms come very close to meeting the sanitary standards for the production of Grade A fluid milk. The additional outlay to accomplish this is small in comparison to the differential between manufacturing milk and the blend price in the local fluid milk market. A consequence of this is the development of sources for fluid milk outside the tranditional area of the Lake States for supplying deficit areas such as Florida, the mid-South and Southwest. Three such states, all closer to the Southwest area are Iowa, Missouri and Tennessee.

In Missouri, for example, a sizable part of the land is well adapted to dairying. Production in the State as a whole has declined in the last decade or two, but much less rapidly than most other States in that section of the country. Marketing of whole milk by farmers has declined somewhat but use in factory products has declined fully as fast, if not faster. Receipts of milk from producers in the Ozarks Federal Order area (formerly Springfield market area) have declined somewhat from the record high in 1956, (table 11) but Class I sales (including out-of-area movement) were a record high in 1957 and 1958.

In the last 2 or 3 years, the price of Class I milk in the Springfield area has continued above a representative "export" point in Wisconsin, (Eau Claire, 18th zone of Chicago market area) but by a reduced margin compared with prior years. In 1957 and 1958, the Ozark price exceeded the Eau Claire price by $.43 and $.45, respectively, compared with $.55 to $.76 in other years back to 1951 (see table 12).

Relationship of Minimum Order Prices to National Average Support Prices for Dairy Products

Establishment of minimum class prices under Federal Milk Marketing Orders does not insure producers a fixed minimum rate per hundredweight for all milk they deliver. Blend prices received by farmers vary in accordance with the relative quantity of milk used in the different established classes, as well as with any changes in prices of the separate components. Minimum order prices are subject to changes from month to month, depending upon the market supply and demand conditions for milk in that market. However, if the supply of milk in all markets of the country becomes greatly excessive compared with demand, the offering of butter, cheese and nonfat dry milk to the Government under the Price Support Program in effect for the last decade may be greatly increased. Since 1953, the Price Support Program has absorbed from 2 1/2 to 9 percent of the milkfat produced in this country, and from 4 to about 12 percent of the solids-not-fat produced. Because of the interrelationship of prices in manufactured dairy products throughout the nation, the Price Support Program for manufacturing milk and butterfat thereby helps to support prices of milk in all areas of the country in all uses, including milk for fluid uses. If there were no Price Support Program, at the present time, prices of fluid milk in practically every market would tend to be depressed from present levels, especially in view of the improved facilities for moving milk from areas of surplus to areas that normally have not produced their total requirements in recent years.

STATE MILK CONTROL PROGRAMS

The problems encountered by State milk control agencies in establishing producer prices are similar to those faced by officials of the Federal Government in the administration of Federal Milk Orders. One important difference is that the authority for a State to establish milk prices stops at its borders. On the other hand, for a market to qualify for a Federal order, there must be interstate implications of the pricing action.

In the sections which follow are summaries of recent actions for those States without milk control laws as well as for those with such laws.

RECENT PROPOSALS IN STATES WITHOUT MILK CONTROL LAWS

In a number of States which do not presently have milk control laws the Legislatures in 1959 considered legislation that would impose controls over the dairy industry. Three types of legislation was proposed, enacted, defeated, vetoed, or declaired unconstatutional. (a) Bills to establish State Milk Control Boards or Commissions--these bills were generally similar to those of the 18 States which have such laws; (b) legislation to control "Fair or Unfair Trade Practices"--such bills were to control or eliminate the giving by distributors of gifts, discounts, loans without interest, regunds for advertising cost; to eliminate the renting or selling of equipment below cost; and to prohibit sales below cost or at discount prices by distributors, stores, and other retailers.

States which considered bills to establish State Milk Control Boards or Commissions to function independently or within some Department in the State Government are as follows:

Arkansas--	Bill remained in committee.
Delaware--	Bill defeated in legislature.
Maryland--	Bill killed in Senate Finance Committee.
Michigan--	Bill defaulted in House Agricultural Committee.
Minnesota--	Bill defeated in Legislature.
New Mexico--	Some non-price control provisions of a proposed bill incorporated in New Audit Act.
North Dakota--	Bill passed only in the House.
Ohio--	Bill passed over a veto in the House but veto sustained by one vote in Senate.
South Dakota--	Legislation proposed by dairy industry.
Tennessee--	Bill approved by the Senate but rejected in the House.
Wisconsin--	Bill passed in the Assembly and held over to the November 1959 session in the Senate.

"Fair or unfair trade practices" as they relate to the dairy industry figured in the legislative activity of the following States in 1959:

Arkansas--	Declared unconstitutional.
Illinois--	Already existing mark-up law not being enforced.
Indiana--	Bill vetoed by Governor, March, 1959.
Kansas--	Two important sub-sections declared unconstitutional by State Supreme Court on June 3, 1959.
Louisiana--	Orderly Marketing Law upheld by State Supreme Court on July 3, 1959.
Michigan--	The establishment of a Business Practice Commission was proposed.
Missouri--	This State does not have a milk control law. However, in 1959 the Dairy Industry Act was passed, specifically designed to prohibit certain unfair trading practices within the dairy industry. Enforcement is achieved by a member of the industry submitting a complaint and posting bond.

More specifically a number of legislatures considered bills to outlaw sales below cost:

Ohio--	Law prohibiting loss-leader sales vetoed by Governor.
Oklahoma--	Law enacted in 1955 is in litigation on two sections before the State Sepreme Court.
Wisconsin--	Bill defeated in the House on June 10, 1959.

RECENT PROPOSALS IN STATES WITH MILK CONTROL LAWS

Recent developments with respect to legislation, rule making, and court actions in some of the States that have Milk Control Boards or Commissions are as follows:

Alabama-- Todd Act, which establishes standards for "imported" milk, upheld by State and U. S. Supreme Courts.

California-- A legislative debate was held over a proposed equalizing of retail store prices and those charged at the farm by producer-distributors.

Connecticut-- Terminated its State Milk control legislation since a Federal order now encompases the entire State.

Florida-- Governor vetoed the proposed Milk Control Law thereby obligating the Commission to continue to operate under previous legislation.

Georgia-- Authority for regulating the milk industry of the State now rests with the Dairy Section of the State Department of Agriculture instead of separate Milk Control Board.

Maine-- Legislation to curb milk pricing, unless public health conditions require it, was introduced and failed again in 1959.

Massachusetts-- Governor requested that the Legislature abolish the Milk Commission; request was referred to a recess study committee, and in November 1958, the Commission established retail prices for Boston raising gallon prices 12 cents. However, a tie vote of the Milk Regulation Board which reviewed the Commission's decision vetoed the raise.

Montana-- New law stipulates that the Milk Control Board, composed of 5 members be appointed from persons who are not engaged in producing or selling milk.

Nevada-- A Milk Commission was established to regulate and control the distribution and sale of butter and "fresh dairy products".

New Hampshire-- Governor requested legislation to terminate the Milk Control Board but the request was not granted.

New Jersey-- Reestablished minimum retail and wholesale prices in Area No. 1 New Jersey area of the New York-New Jersey Milkshed.

North Carolina-- New legislation permits the Commission to establish minimum retail and wholesale prices when unstable market conditions prevail in any marketing area.

Pennsylvania-- The Commission won a count decision requiring all dealers' farm tank drivers to pay a $5.00 annual-license tax.

Rhode Island-- Legislation to abolish the Board was proposed in the Senate.

Vermont-- A law made effective in May 1959 removes restrictions on the payment of premiums to dairy farmers who use bulk tanks on their farms.

Virginia-- A number of law suits are pending against the Commission pertaining to the fixing of retail and wholesale milk prices.

CENTRAL FEATURES OF STATE MILK CONTROL PROGRAMS

For most States the following summaries were based jointly on replies to a letter and questionnaire and a copy of the State law in effect. For the other States, the summaries are based entirely on available copies of the laws and regulations. For any important actual uses, it would be desirable to check with the legal official serving the Milk Control authority in the State concerned. The Agricultural Marketing Service would appreciate any corrections of material as presented. This kind of information has been requested from many sources, especially in States where new milk control legislation is being considered.

ALABAMA

Objectives

The objective of the Alabama Milk Control Law is to promote, foster and encourage the intelligent production and the orderly marketing of milk. It is deemed necessary to guarantee and insure a reasonable profit on milk to producers, distributors and others engaged in the marketing of milk, in order that both the supply and quality of milk will not be affected against the best interest of the public.

Standards for Establishing Prices

Before fixing either prices or handling, processing or transportation charges, the Alabama Milk Control Board is required to hold public hearings in the milksheds affected. The Board may take into consideration matters of its own knowledge as well as the information presented at the hearing.

In determining prices, the Alabama Milk Control Board considers the balance between production and consumption of milk, the cost of production and distribution in the marketing of milk, both wholesale and retail, and the purchasing power of the general public.

Rules of Fair Trade Practice

The Alabama Milk Control Board has issued fair trade practice regulations which pertain to transactions between producer, producer-handlers, and dealers; to false and misleading advertisement, and misrepresentation, by anyone subject to the law, to the quality of their product or service, or to facts made with the intent to deceive or defraud.

Source of Funds for Administration

License fees and fines are deposited in the State treasury and placed in a Milk Control Board Fund; this money is appropriated to the Board to administer the Milk Control Law.

Relationship of State and Federal Regulation

There are no Federal milk marketing areas located within Alabama. However, a small quantity of milk produced in Alabama is priced under the terms of the Chattanooga Federal milk order.

Extent of Regulation

One hundred percent of the Alabama-produced Grade A milk produced and sold for use in Alabama is under the pricing regulation of the Alabama Milk Control Board. The Board sets minimum producer prices and minimum and maximum resale prices. It has established six separate milksheds within the State which cover the main population centers of Alabama.

CALIFORNIA

Objectives

The objective of the California Milk Control law is to stabilize the marketing of fluid milk and fluid cream; to eliminate destructive and demoralizing trade practices which undermine sanitary regulations; to prevent disturbances in the milk industry which threaten to destroy or seriously impair the supply of fluid milk; to promote, foster, and encourage the intelligent production and orderly marketing of milk; to eliminate speculation, waste, improper marketing, and improper accounting for milk purchased from producers; and, to develop and maintain satisfactory marketing conditions and bring a reasonable amount of stability and prosperity in the production and marketing of fluid milk and fluid cream.

Standards for Establishing Prices

Minimum prices to producers must be in a reasonable and sound economic relationship with the price of manufacturing milk, taking into consideration such relevant factors as the reasonableness and economic soundness of manufacturing milk prices in relation to the cost of producing manufacturing milk, the additional costs of producing and marketing fluid milk over and above costs of producing and marketing manufacturing milk; and current and prospective supply and demand for fluid milk. The Act further provides that the Director must find that such prices will insure consumers an adequate and continuous supply of pure, fresh, wholesome milk at fair and reasonable prices.

In the application of these standards, several factors are taken into consideration: The available supply of milk for the area; consumer requirements for the area; trends in production and sales; production costs and factors affecting production costs, such as feed and labor outlay; the price of manufacturing milk, and the cost differential in the production of market milk and manufacturing milk.

The provisions for establishing minimum wholesale and retail prices require that such prices make provision for the costs incurred by distributors, plus a return on necessary capital investment, so that consumers may be supplied with milk through the various methods of distribution used by consumers. This provision generally means that 5 or 6 types of wholesale and retail prices may be established for each area.

Regulation of Fair Trade Practices

Unfair practice provisions in the California Agricultural Code are an important part of the California regulatory program. The unfair practice provisions in general relate to sales below cost, free gifts

CALIFORNIA -continued

to obtain the dairy products business of a customer or consumer, the supplying of regrigeration facilities to wholesale customers, the furnishing of advertising allowances or materials to wholesale customers, price discrimination, secret rebates or unearned discounts, and contract requirements between producers and distributors of fluid milk.

Source of Funds for Administration

The milk stabilization program is a special fund activity of the California Department of Agriculture. Funds are obtained from fluid milk assessments of 2 mills per pound of milk fat which is paid by the producer and distributor or handler on all market milk.

In addition, an assessment of 4 mills per gallon of ice cream is paid by manufacturers of ice cream mix on each gallon of ice cream mix manufactured.

Relationship of State and Federal Regulation

There are no Federal milk marketing areas located in California, however, Central Arizona market under Federal Order No. 104 draws some of its supply from California.

Extent of Regulation

All market milk in California is under minimum price regulation. Market milk makes up approximately 80 percent of the State's total milk production.

Minimum wholesale and minimum retail prices are established on a marketing area basis and presently include 31 areas. The marketing areas generally follow county lines, although in a number of cases include more than one county.

FLORIDA

Objectives

To regulate the economics of the entire milk industry of Florida in all phases of the production and marketing of a highly perishable product for fluid consumption declared to be necessary to the public health.

Standards for Establishing Prices

The Florida Milk Commission, through public hearings, determines the cost of producing milk at the farm including a reasonable return on investment and establishing the proper differential for a premium product. Such studies are made for the Commission by a firm of certified public accountants to insure that all relative factors are considered.

It also establishes the relationship considered proper between the producer and the distributor prices. This involves the formulation of regulations whereby all producers supplying a given plant share equitably in the fluid sales of that plant.

Regulations of Fair Trade Practices

There are no fair trade practice regulations. However, the Commission issued an order in May 1958, prohibiting restrictions on the quantity of milk purchased by any purchaser; or making the sale or gift of milk contingent upon any other purchase.

Source of Funds for Administration

The activities of the Commission are financed by a one mill tax on each gallon of fluid milk paid by distributors and producers, for a total of two mills per gallon.

Relationship of State and Federal Regulation

The State of Florida does not regulate the price paid to producers for that milk which is priced under the terms of the Southeastern Florida Federal milk marketing order.

Extent of Regulation

For approximately 55 percent of Florida' fluid milk production minimum prices are fixed under the terms of regulations of the Florida Milk Commission. The Commission may also fix maximum producer and minimum and maximum retail and wholesale prices. Three marketing areas have been established. The Commission currently exercises its jurisdiction in these three natural milk marketing areas comprising thirty six counties. An additional marketing area consisting of eleven Southeastern counties of the State, previously under jurisdiction of the Commission, is now under a Federal marketing order.

GEORGIA

Objectives

To protect the public health and welfare and to prevent fraud and imposition upon consumers and producers.

Standards for Establishing Prices

The Board determines, from its own knowledge of the milk industry and investigations of economic and other conditions in the industry, prices which will adequately protect the milk industry and insure a sufficient quantity of pure and wholesome milk. Currently the Georgia milk price is calculated using "Milk Price Index" which is a weighted average index of the Index of United States Wholesale Prices and Index of Georgia per capita income. The index yields a price per quart at retail from which the prices at other levels are computed.

GEORGIA -continued

Regulation of Fair Trade Practices

The Milk Control Act prohibits the buying or selling of milk at less than the applicable price through any discount, rebate, free service, advertising allowance, donation, financial and free equipment or any other means.

Source of Funds for Administration

The Board is appropriated 97 percent of the money received from fees for licenses. The Board is also granted authority to borrow money and pledge license fees. The fees are $2.50 per year for stores, up to 2 cents per hundredweight for producers, producer-distributors (on milk produced or received); and distributors (on all milk received).

Relationship of State and Federal Regulation

There are no Federal milk order marketing areas located within the State of Georgia; however, the Chattanooga [Federal order] market draws some milk from the State.

Extent of Regulation

The State of Georgia establishes minimum prices at all levels for all milk produced and sold within the State, however, the law also authorizes maximum prices. Minimum prices are fixed in fourteen separate milk sheds.

LOUISIANA

Objectives

The intent of the State's legislation is to prevent the economic destruction of dairy farmers, dairy plants, ice cream dealers and other distribution as a result of discriminatory trade practices by certain business organizations which result in a situation detrimental to the health, welfare, and economy of the people of the State.

Standards for Establishing Prices

In determining minimum prices, the Commissioner shall consider the following factors in each marketing area: The quantity of fluid milk produced and disposed of, the cost of dairy feed, farm labor, and other economic conditions affecting the production and sale of milk in the area. The Commissioner shall, upon approval by 2/3's of the producers voting at a referendum, require payment of such appropriate minimum prices for milk in the respective marketing areas.

Regulation of Fair Trade Practices

It is a violation for a processor, handler, distributor or bulk milk handler to commit any of the following disruptive sale practices: To discriminate in price between retailers or between consumers; to give or offer discounts or rebates on products sold; to furnish, give, lend, sell, or rent any signs or display material except those advertising only his own products; to make payments of money, credit, gifts, or loans; to sell any retailer any new fixture or equipment for less than a mark-up to cover his cost of doing business; to make any loan or guarantee any financial obligation; to extend credit to exceed 60 days; to maintain equipment at less than competitive commercial fees; to give, offer, or sell any products listed at dock price to any other place except for the dock price plus any transportation cost; and to refuse to accept or discontinue receiving milk from a producer by a handler, processor, and/or distributor because of a producer's affiliation with a cooperative association.

Source of Funds for Administration

In addition to the ordinary business license fees, the Commissioner may assess the processor, distributor, or handler who processes Grade A milk, special milks and dairy products two cents per hundredweight of all milk or milk equivalents processed or used. For the purposes of administering minimum prices of producer's milk the Commissioner may assess one cent per hundredweight on producers milk and one cent per hundredweight on all processors', handlers', and distributors' milk receipts.

Relationship of State and Federal Regulation

There are two Federal order markets in Louisana New Orleans, and Northern Louisiana and located nearby are the Federal order markets of Central Mississippi and Mississippi Gulf Coast.

Extent of Regulations

No minimum price regulations are presently in effect. In July 1959, the Louisiana State Supreme Court decreed that the Orderly Milk Marketing Act was constitutional. The Commissioner of Agriculture called a public hearing for mid-August 1959, for the purpose of establishing producer prices.

MAINE

Objectives

To insure consumers of an adequate supply of pure and wholesome milk at reasonable prices which will provide a fair return to the producers and an adequate profit to distributors.

Standards for Establishing Prices

Prices are established after investigation and the review of sworn testimony received at public hearings.

The law provides for the prices to be just and reasonable, taking into consideration the public health and welfare and the insuring of an adequate supply of pure and wholesome milk under varying conditions in various marketing areas, seasonal

MAINE -continued

production and other conditions affecting the cost of production, transportation and marketing in the milk industry, including a reasonable return to the producer and dealer.

Regulation of Fair Trade Practices

The Maine Milk Commission regulates and controls the purchasing, distribution, and sale of milk whereby no method or device shall be lawful in which milk may be bought or sold at less than the scheduled minimum price; whether this be by rebate, discount, free service, combination price with other commodity, or any other consideration.

Source of Funds for Administration

Each dealer pays an annual license fee of $1.00 and monthly payments of 1 cent per hundredweight based on the quantity of milk purchased, produced, or sold in any market area. One-half cent per hundredweight may be deducted by dealers from amounts paid by them to producers of such milk.

Relationship of State and Federal Regulation

There are no Federal milk marketing areas located in Maine; however, several of the Northeastern markets under Federal orders draw milk supplies from the State.

Extent of Regulation

Approximately 90 percent of the fluid milk sold for consumption in Maine is under the price regulation of the Maine Milk Commission.

The Maine Milk Commissiin regulates minimum prices at all levels of distribution in 47 areas designated as natural marketing areas. This includes about 85 percent of the total population of the State, and around 52 percent of the cities and towns.

MASSACHUSETTS

Objectives

The Massachusetts Milk Control Law is designed to equitably apportion the value of the milk received by a dealer or dealers among the producers delivering the milk and to encourage the production of a regular, continuous and adequate supply of fresh fluid milk and to promote plans to increase consumption of milk.

Standards for Establishing Prices

The Board is guided in determining the reasonableness of prices by costs of production, hauling, handling, processing, storage, distribution and other costs involved in the production and marketing of milk; the balance between supply and demand; the purchasing power of consumers; and other economic conditions affecting the milk supply and the demand for milk.

Regulation of Fair Trade Practices

The rules of the Massachusetts Milk Law prohibits certain practices including dealers selling or distributing any milk acquired below costs, sales below the minimum price, the use of any method or device whereby milk is purchased, sold, or distributed at a price less than the applicable price by discount, rebate, free service, advertising allowance, etc. Cooperative associations are not allowed to sell milk at less than the minimum price.

Source of Funds for Administration

Half of the costs of operating the Massachusetts Milk Control Law comes from direct appropriation and the other half is from license fees and assessments.

Relationship of State and Federal Orders

There are four Federal order milk marketing areas which are located wholly or partially within Massachusetts. Massachusetts sets producer prices on milk not priced under Federal orders.

Extent of Regulation

The State regulations apply to the markets in the State in which handlers are not regulated by Federal milk marketing orders. Minimum prices are fixed at the producer level and in the Boston market, for home deliveries and for in-and-out of store deliveries.

The amount of milk priced at the producer level under the Milk Control Board regulation is less than 10 percent of the milk produced in the State, as a large percentage is priced under the terms of the several Federal milk orders in the State.

MONTANA

Objectives

To protect and promote the general welfare and to prevent unfair and demoralizing trade practices in the fluid milk industry.

Standard for Establishing Prices

Prior to fixing minimum prices, the Board conducts a hearing and considers the evidence presented at the hearing and matters within its knowledge to determine what are reasonable costs and charges for producing, hauling, handling, processing and other services performed in respect to milk.

The minimum retail price of milk in quart bottles is limited to twice the amount paid by the distributors to the producer for milk of the same quality.

MONTANA -continued

Regulation of Fair Trade Practices

The Montana Milk Control Board is granted power, under the law, to affect reasonable rules and regulations governing transactions of business among the licenses under the act. The Board issued a set of Rules of Fair Trade on May 29, 1959.

Source of Funds for Administration

Funds are derived from a total assessment of 2 1/2 cents per hundredweight of producers' milk, 2 1/2 cents per hundredweight of milk sold by distributors, and 5 cents per hundredweight sold by producer-distributors.

Relationship of State and Federal Regulation

There are no Federal order milk marketing areas located within Montana. However, some milk from the State is shipped into the Inland Empire Federal order marketing area.

Extent of Regulation

The Montana Milk Control Board fixes minimum prices for all fluid milk at all levels of distribution produced for use within the State.

Under the terms of legislation passed in 1959, the Milk Control Board has established eight or nine marketing areas which cover the entire State.

NEVADA

Objectives

It is the policy of the State of Nevada to promote, foster and encourage intelligent production and orderly marketing of commodities necessary to its citizens, including milk, and to eliminate speculation, waste, improper marketing, unfair and destructive trade practices and improper accounting for milk purchases from producers, and to enable the dairy industry with the aid of the State to correct existing evils, develop and maintain satisfactory marketing conditions and bring about a reasonable amount of stability and prosperity in the production and marketing of fluid milk and fluid cream.

Standards for Establishing Prices

Prices are established on the basis of cost studies conducted by the Dairy Commission. The Commission has the authority to regulate minimum prices at all levels but currently exercises its authority only at the retail level. Factors considered include cost of production, return on capital investment, transportation, cost of compliance with health regulations, and current and prospective supply of and demand for fluid milk and fluid cream.

Source of Funds for Administration

Funds for the administration of the program are obtained from assessments on a butterfat or gallonage basis on dairy products and levied on producers and distributors.

Relationship of State and Federal Regulation

There are no Federal milk order marketing areas located within Nevada nor do any markets under Federal orders regularly draw milk from Nevada.

Extent of Regulation

All fluid milk sold in Nevada is under the minimum retail and wholesale pricing regulations of the Dairy Commission. The Dairy Commission has divided the State into three separate marketing areas.

NEW HAMPSHIRE

Objectives

The objective of milk control in New Hampshire is to insure the public an adequate supply of proper quality milk and to bring stability to the milk industry pricewise.

Standards for Establishing Prices

In determining the basis on which minimum prices are set, the Board follows the price established by the Federal order for Boston as the Class I producer price for milk in Zone 1 (the lower half of New Hampshire); Zone II is 22 cents per cwt. and Zone III (upper part of New Hampshire) 44 cents per cwt. less than Zone I. These differentials are about the actual trucking cost differential. Minimum retail prices to consumers on their doorsteps are established by adding to the Class 1 producer price per quart, a 12 cent markup.

Store retail prices may be 1 cent per quart lower than home delivery prices and specific discounts are allowed for specific quantities of milk delivered to the home.

Regulation of Fair Trade Practices

Fair trade practices as such are not established by the New Hampshire milk control law. However, commissions, discounts, rebates, price concessions or other payments which reduce the fixed minimum prices for milk and cream are not allowed.

Sources of Funds for Administration

Funds for the administration of the program in New Hampshire come from license fees paid by distributors and retail store dealers.

NEW HAMPSHIRE -continued

Relationship of State and Federal Regulation

At present, no Federal milk marketing areas extend into the State but the supply areas of several Federal orders include parts of New Hampshire. Minimum producer prices established are closely related to those established by the Boston Federal order.

Extent of Regulation

The State of New Hampshire is divided into three zones. Zone I, which includes by far the more thickly populated section of the state, is the largest zone. Zone II includes the city of Berlin and a few surrounding towns and the towns of Woodstock, Lincoln and Thornton. Zone III includes the remainder of the northern part of the State. About 95 percent of all milk sold to consumers in the State is priced under Milk Control Board regulations. There are a few small towns that never have been included in any area. Their law stipulates that maximum prices may be established at the producer and retail levels.

NEW JERSEY

Objectives

To prevent unfair, unjust, destructive and demoralizing practices which tend to undermine health regulations and standards, to demoralize the agricultural interest engaged in the production of milk in New Jersey and to curtail the supply of fresh wholesome milk to the citizens of New Jersey. The Office of Milk Industry is charged with creating and maintaining an economic climate in which New Jersey dairymen can realize a return large enough to insure an adequate supply of fresh milk to consumers.

Standards for Establishing Prices

Minimum prices at all levels are determined on the basis of evidence submitted by interested parties at public hearings held by the Director of the Office of Milk Industry. The law provides that the Director may take into consideration those factors relevant to the costs of producing, processing and distributing milk in New Jersey and a reasonable profit to the producer, dealer, processor, subdealer and store operator.

Regulation of Fair Trade Practices

Fair trade provisions are an important part of the program and relate to number of deliveries, prohibitions of trading in milk products purchased at prices below those established by the Office of Milk Industry, acquiring the business of another dealer, processor producer dealer or subdealer, the sale of milk to governmental institutions, minimum deposits, credit status between firms, lending or receiving items of value in the sale or solicitation for sale of milk and milk products and changes in source of supply.

Source of Funds for Administration

Funds for the administration of the milk control program are derived from the collection of license fees from milk handlers, milk processors, milk manufacturers, subdealers and store operators. The annual budget for the program exceeds 210 thousand dollars.

Relationship of State and Federal Regulation

One feature of the milk control program in New Jersey is the connection between the State and the Federal government in regulating producer prices in Milk Marketing Area I. When the New York Federal Order (Order No. 27) was extended, the Director of the Office of Milk Industry and the Secretary of the United States Department of Agriculture signed a memorandum of agreement. This agreement provides for joint administration, by both agencies, of the regulations pertaining to prices paid producers for milk received from New Jersey farmers at Federal Order No. 27 pool plants. New Jersey produced milk which is delivered to plants regulated by the Philadelphia Federal milk order is priced under that order.

Extent of Regulation

Approximately 94 percent of the milk produced in New Jersey is priced at the producer level either under the joint Federal-State order or under separate regulation of the Office of Milk Industry; about 79 percent being priced under the joint order and 15 percent being priced under separate State orders. A small proportion of milk produced in New Jersey is priced under the Philadelphia Federal order and not by the State of New Jersey.

There are currently three marketing areas regulated by the Office of Milk Industry, one of which is under joint Federal-State regulation. The Office of Milk Industry sets minimum retail and wholesale prices in all three areas, but fixes minimum producer prices in only two areas.

NEW YORK

Objectives

To promote, foster, and encourage the intelligent and orderly marketing of milk in the public interest, to protect the dairy industry, and to insure an adequate supply of pure and wholesome milk.

Standards for Establishing Prices

Before fixing minimum prices at the producer level the Commissioner investigates what are reasonable costs and charges for producing, hauling, handling, processing and/or other services performed in respect to milk and what prices for milk in the market or markets affected by such prices and

NEW YORK -continued

under varying conditions will be most in the public interest. He shall also consider the balance between production and consumption of milk, the cost of production and distribution, including compliance with all sanitary regulations, the cost of feed stuffs used in the production of milk, the supply of milk in such market and the purchasing power and welfare of the public.

Regulation of Fair Trade Practices

The New York Milk Control Law prohibits buying or selling of milk at less than the applicable price through discounts, rebates, free services, advertising allowances or combined prices or any other methods or devices. The law also gives the Commissioner the right to order cease and desist orders (subject to review) if he believes an agreement between a producers' bargaining association and dealers has unduly enhanced the price of milk.

Source of Funds for Administration

The administration of the New York-New Jersey order is financed by an assessment against handlers (usually $.01 per hundredweight). In the Niagara Frontier Area there is an assessment of $.02 per hundredweight deductable from producers' checks and in the Rochester area the similar assessment is $.03 per hundredweight of milk.

Milk control activities other than the three marketing orders are financed by a legislation appropriation as part of the budget from the Department of Agriculture and Markets. However, this appropriation is largely matched by revenue from the issuance of some 2,800 milk dealer licenses at annual feas ranging from $10.00 to $5,000.00 each.

Relationship of State and Federal Regulation

The New York-Metropolitan Milk Marketing Area was established and such prices were fixed under Federal-State marketing orders beginning September 1, 1938. These orders continued substantially unchanged until August 1, 1957. At that time, after a series of hearings, the orders were expanded to include nearly all of 35 additional counties in the State of New York as well as northern New Jersey. New Jersey authorities then joined in the regulation and the name of the area was changed to the New York-New Jersey Milk Marketing Area.

Extent of Regulation

About 94 percent of the milk produced in the State of New York is prices at the producer level under the joint Federal-State order or under separate orders of the State Division of Milk Control. The two areas regulated only by the State include about 12 percent of the milk produced in the State and about 82 percent of the milk produced in the State is priced under the terms of the joint Federal-State order.

NORTH CAROLINA

Objectives

To stabilize and encourage orderly marketing conditions in order to assure producers a fair market for milk and to assure consumers a wholesome, adequate supply of fluid milk.

Standards for Establishing Prices

The Commission, after public hearing and investigations, may fix prices to be paid producers and/or associations of producers by distributors in any market or markets, and may also fix different prices for different grades or classes of milk. In determining the reasonableness of prices to be paid or charged in any market or markets for any grade, quantity, or class of milk the Commission shall be guided by the cost of production and distribution, including compliance with all sanitary regulations in force in such market or markets, necessary operating, processing, storage and delivery charges, the prices of other foods and other commodities, and the welfare of the general public.

Regulation of Fair Trade Practices

Activities in the field of regulation of trade practices include: (a) Filing of distributor sale prices with the Commission and giving notice of any change in the prices on file, (b) prohibiting discounts, rebates, furnishing of equipment, etc., to milk customers and (c) audits and investigations to determine the prices charged and compliance with all Fair Trade practice regulations.

Source of Funds for Administration

Funds are provided from assessments levied on producers and distributors. The maximum which may be assessed is two cents per hundredweight.

Relationship of State and Federal Regulation

There are no Federal milk marketing areas in North Carolina but some milk moves to the Appalachian Federal milk marketing area from North Carolina.

Extent of Regulation

One hundred per cent of the Grade A fluid milk produced in North Carolina that is purchased or handled by plants in the State is under the Commission's minimum pricing regulations.

The entire State of North Carolina is covered by the ten established milk marketing areas; and, since 1955, uniform producer prices and other regulations have been maintained for all areas in the State. The Commission received authority from the 1959 Legislature to establish minimum

NORTH CAROLINA -continued

retail and wholesale prices when an impending marketing situation threatens to disrupt or demoralize the milk industry in any market, and no such prices have been as yet established.

PENNSYLVANIA

Objectives

The objective of milk control in the Commonwealth of Pennsylvania is, through relation of the milk industry, to insure a pure, wholesome and adequate supply of milk for all of its inhabitants. This is to be accomplished by regulation primarily, with reference to price fixing and other related regulations in connection therewith.

Standards for Establishing Prices

The standards or basis on which all minimum prices are determined are set forth in the Pennsylvania Milk Control Law which requires public hearings where the Milk Control Commission receives testimony from all segments of the milk industry as well as consumers and any other interested parties. The testimony principally refers to cost of production and items which influence such costs in fixing prices to be paid producers and cost of distribution including processing, handling, and storing of milk and milk products as well as materials and supplies which make up distribution costs.

Various factors and economic conditions are considered and from such sworn testimony, after review and consideration by the Commission and its legal staff, price orders are promulgated fixing minimum prices to be paid to producers as well as prices to be charged by milk dealers or handlers, both at the retail and wholesale level. Resale prices so fixed are minimum and although the milk control Commission may fix maximum prices, to date no maximum prices have been ordered.

Regulation of Fair Trade Practices

Fair trade provisions are an important item in the regulatory program and regulations which refer to restricted deliveries, bottle deposit and sale of milk where the minimum prices are influenced or reduced by premium, discount or free service, are the principal practices which require major enforcement activities.

Source of Funds for Administration

Two-thirds of the funds for the administration of the milk control law comes from licensing fees, fines and penalties; the other one-third is secured from the General Fund of the Commonwealth's Treasury.

Relationship of State and Federal Regulation

A Federal order established minimum prices to be paid to producers shipping milk to handlers delivering milk in the Philadelphia marketing area. The State of Pennsylvania also establishes producer prices for this area. The State producer pricing regulation and the Federal orders sometimes differ in the level of minimum price prescribed.

Extent of Regulation

Pennsylvania Milk Control Commission fixes minimum prices in 13 separate and distinct markets.

Approximately 98 percent of the milk sold in Pennsylvania is under price regulation, the exception being sales at the farm in the customer's container.

RHODE ISLAND

Objectives

To alleviate the unfair, destructive and uneconomic practices constituting a menace to the welfare and reasonable comfort of citizens which existed in the production, sale and distribution of milk and cream.

Standards for Establishing Prices

The Milk Control Board is granted the power to establish prices, at all levels, after investigation and public hearing, but currently fixes only resale prices. No specific pricing standards are set forth in the law.

Regulation of Fair Trade Practices

The law prohibits the use of any method or device whereby milk is bought or sold at less than the scheduled minimum price; whether by discount, rebate, free service, advertising allowance, etc.

Source of Funds for Administration

The Milk Control Board has the authority to assess a monthly fee of three cents per hundredweight on total retail and wholesale sales. Also, there is a license fee of one dollar per year for each milk distributor.

Relationship of State and Federal Regulation

All of Rhode Island, except Block Island, is included in the Southeastern New England Federal milk market area. The Rhode Island Milk Control Board has established producer prices related directly to the prices established under this Federal order. The producer regulation provides for some premium over the Federal order prices.

RHODE ISLAND -continued

Extent of Regulation

The Rhode Island Milk Control Board establishes the prices for all milk in the State only at the wholesale and retail level, but has issued producer pricing regulations which are based upon Federal order prices in the areas. The Board has divided the State into six marketing areas.

SOUTH CAROLINA

Objectives

The objective of the South Carolina milk control program is to insure, through inspection and testing, that all imported milk and fluid milk products meet minimum sanitary and quality standards set for locally produced and processed milk; to establish a production incentive plan and state-wide uniform classification of milk and milk products and enforcement of fair trade practices. A law passed in 1955 gives the Commission the authority to regulate prices at all levels in areas where emergency conditions exist.

Standards for Establishing Prices

Although minimum producer or resale prices are not presently established, prices may be set for an area after a Committee established by the enabling act has decided such action is necessary. The prices are determined after public hearing and investigation. The Dairy Commission is to be guided in judging the reasonableness of the price by the cost of production and distribution, including compliance with sanitary regulations, necessary operations, processing, storage and delivery charges, the price of other foods and the welfare of the public generally.

Regulation of Fair Trade Practices

Fair trade practice regulations prohibit discriminatory pricing, discounts, rebates, or other inducements prohibited by law, to obtain or retain milk accounts.

Source of Funds for Administration

Funds for operation of the Dairy Commission are appropriated by the State Legislature. Where a market is controlled and prices fixed by the Commission an assessment against producers and distributors would apply to finance controlling the market.

Relationship of State and Federal Regulations

There are no Federal milk marketing areas in South Carolina and no milk produced in South Carolina is priced under the terms of a Federal order.

Extent of Regulation

All Grade A milk sold in South Carolina comes under the terms of the regulation; but, as indicated previously, full pricing authority authorized by the law has not been exercised. However, the Dairy Commission closely scrutinizes prices and exercises audit and verification functions. It has divided the State into 6 marketing areas.

VERMONT

Objectives

To protect and promote the public welfare by insuring at all times an adequate supply of clean and pure milk and cream to meet the needs of the inhabitants of the State and to regulate the milk marketing industry.

Basis for Establishing Prices

For all milk purchased by handlers from farmers the minimum price throughout the State except the town of Brattleboro and the central area of the Connecticut Valley are fixed at 25 cents over the Boston Federal order blend price, 21st zone. In the Brattleboro area, the Boston City Plant price is used and in the Connecticut Valley section, (Windsor County Area) the Boston blend price plus 47 cents is used. The minimum resale price per single quart, home delivered, is 10.7 cents per quart above the price to producers. This in turn is divided into one-cent brackets which allows for considerable variation in the producer price before the consumer price changes one full cent in the bracket. In general, the Board has established these rather low minimum prices with the assumption that the actual market price would be fixed by competition at or above these minimums.

Regulation of Fair Trade Practices

The regulations of the Vermont State Milk Control do not permit discounts, rebates, free merchandise, advertising allowances or price concessions except as specified by the rules and regulations.

Source of Funds for Administration

The administrative cost of the Board is very low and will not run above $2,000 per year. The Board does comparatively little auditing and field checking but investigates complaints from any interested person, after which a prosecution may be instigated.

The Board issues a license to all handlers of retail milk at $2.00 each. Also collects a commodity tax of 1 cent per hundredweight from producers and 1 cent from handlers on fluid milk sales. By law, the Board is allowed to use up to 30 percent of this fund for their purposes. The remainder of the fund is used by a commission for milk promotion

VERMONT -continued

activities. Actually the administrative cost to the Board has been below 10 percent of the fund.

Relationship of State and Federal Regulation

There are no Federal milk marketing areas located in Vermont although several markets under Federal orders draw supplies from Vermont.

Extent of Regulation

The Vermont Milk Control Board establishes minimum producer and resale prices which govern approximately two-thirds of the retail sales in the State. It may also fix maximum producer prices. There are three marketing areas in Vermont which cover approximately 30 percent of the area in the State.

VIRGINIA

Objectives

The Virginia Milk and Cream Act was enacted to meet the unfair, unjust, destructive, and demoralizing economic trade practices which had grown up in the Commonwealth and which impaired the dairy industry and the constant supply of pure and wholesome milk to the citizens.

Standards for Establishing Prices

In determining the reasonableness of any price the Virginia Milk Commission considers the cost of production and distribution, including compliance with sanitary regulations, necessary operations, processing, storage and delivery charges, the prices of other foods, and welfare of the public generally.

Regulations of Fair Trade Practices

The Virginia Milk Commission has authority to supervise, regulate, and control all phases of the milk industry in the State and adopt and enforce all rules it deems necessary to carry out the provisions of the law.

Source of Funds for Administration

The State Milk Commission assesses the local milk boards in amounts up to 2 cents per hundredweight on all milk and cream handled by distributors and 2 cents per hundredweight of milk and cream sold by distributors. To defray its expenses the local milk boards make assessments up to 1 cent per hundredweight in milk and cream handled by distributors and on milk and cream sold by producers.

Relationship of State and Federal Regulation

There are three Federal milk orders which include parts of Virginia in their marketing areas and there are several other Federal orders which draw milk supplies from Virginia. The State does not set producer prices for milk priced under the terms of a Federal milk order.

Extent of Regulation

With the exception of the Norfolk-Newport-Portsmouth area, all milk in the State is priced by the Commission at the wholesale and retail level.

There are 32 markets in which the State sets minimum and maximum resale prices and 29 in which it sets minimum producer prices. Prices at the producer level are not fixed for Arlington-Alexandria; Manassas; and Southwest Virginia.

Table 1.--Pricing practices of State Milk Control agencies, August 1959

State	Producer minimum prices		Number of use classes	Plans to influence production and/or consumption		Use individual handler pool	Minimum resale prices 3/	
	Currently regulated 1/	Differences established among areas or markets 2/		Class I price varies seasonally	Other plans employed mainly to influence production		Currently regulated 4/	Differences established among areas or markets 2/
Alabama	Yes	Slight	3 to 4	No	Quota system	Yes	Yes	Moderate
California	Yes	Moderate	3	Yes	Dealer contracts	Yes	Yes	Moderate
Florida	Yes	Slight	3	No	Base surplus plan	Yes	No	None
Georgia	Yes	Moderate	2	No	Base surplus plan	Yes	Yes	Moderate
Louisiana	No	None	2	Yes	5/	Yes	No	None
Maine	Yes	Moderate	3	Yes	No specific plan	Yes	Yes	Moderate
Massachusetts	Yes	Slight	2	Yes	No specific plan	Yes	No	6/
Montana	Yes	Moderate	2	No	No specific plan	Yes	Yes	Moderate
Nevada	No	Moderate	3	No	Dealer contracts	Yes	Yes	Moderate
New Hampshire	Yes	Moderate	2	7/Yes	7/	Yes	Yes	Moderate
New Jersey	Yes	Moderate	3	Yes	Public hearing	Yes	Yes	Moderate
New York	Yes	Slight	3 to 5	No	Fall premium plan	8/	9/	9/
North Carolina	Yes	Moderate	3	No	Base surplus plan	Yes	No	None
Pennsylvania	Yes	Moderate	3 to 4	Yes	No specific plan	Yes	Yes	Moderate
Rhode Island	Yes	Slight	2	Yes	No specific plan	Yes	Yes	None
South Carolina	10/No	Slight	3	No	Base surplus plan	Yes	10/No	None
Vermont	Yes	Moderate	1	7/Yes	7/	11/	Yes	Moderate
Virginia	Yes	None	3	No	Base surplus plan	12/Yes	Yes	Moderate

1/ The following States also have the power to fix maximum prices: Florida, Georgia, New Hampshire and Vermont. However, these States are not currently exercising this power. 2/ Slight, means usually less than ½ cent per quart; moderate, usually more than ½ cent per quart. 3/ States regulate both wholesale and retail prices. 4/ The following States also have the power to fix maximum prices: Alabama, Florida, New Hampshire, Pennsylvania, and Virginia. Only Alabama and Virginia are currently exercising this power. 5/ Commissioner of Agriculture has not yet made this determination. 6/ Only in the Boston market. 7/ Follows Federal order market blend price established for Boston, Mass. 8/ Market wide pool. 9/ State not authorized to exercise control in these categories. 10/ Price orders are not established, but the commission maintains audit control over producer, and retail and wholesale prices. 11/ No pooling arrangement. 12/ Pool is calculated only for the Richmond market.

Table 2.--Measures of the scope of the Federal milk market order program, 1947-58

Year	Fluid milk moving through wholesale channels 1/	Class I sales in Federal order markets 2/	Class I sales as percent of milk moving through wholesale channels	Milk sold to plants and dealers	Receipts in Federal order markets	Receipts in Federal order markets as percent of milk sold to plants and dealers	Number of Federal order markets
	Mil. lb.	Mil. lb.	Pct.	Mil. lb.	Mil. lb.	Pct.	No.
1947	39,667	9,808	24.7	70,559	14,980	21.2	29
1948	39,365	9,852	25.0	69,010	15,020	21.8	30
1949	40,302	10,104	25.1	73,290	17,049	23.3	33
1950	41,260	11,000	26.7	74,205	18,660	25.1	39
1951	42,626	12,718	29.8	74,480	20,117	27.0	44
1952	43,826	14,672	33.5	77,301	22,998	29.8	49
1953	44,702	15,436	34.5	84,567	25,896	30.6	49
1954	46,361	16,172	34.9	87,874	27,140	30.9	53
1955	48,718	18,032	37.0	90,801	28,948	31.9	63
1956	50,392	19,615	38.9	95,362	31,380	32.9	68
1957	51,740	21,339	41.2	98,378	33,455	34.0	68
1958	52,217	23,304	44.6	99,418	36,350	36.7	74

1/ Fluid consumption (farm and nonfarm) less milk and cream consumed on farms where produced and less milk and cream retailed by farmers.

2/ Understates total sales of fluid milk and cream in Federal order markets because in some of these markets cream is not placed in Class I. Most of the markets in the New England, Middle Atlantic, South Atlantic, and East North Central regions do not include cream in Class I. In 1958, sales of fluid milk and cream totaled about 25½ billion pounds in all Federal order markets.

3/ Number at end of the year that had pricing provisions in effect.

Table 3.--An illustration of milk pricing formula using manufacturing milk

(Calculation of Class I and II prices under Detroit Federal Milk Order, June 1959)

Item		Price per hundredweight (3.5 percent fat test)
		Dollars
Alternative basic formula price:		
Average of prices paid at 12 Midwest condenseries		2.908
Butter-powder formula:		
Price per pound, 92-score butter, Chicago, $0.57974 minus 0.03, times 1.2, times 3.5	$ 2.309	
Price per pound of nonfat dry milk, spray and roller, Chicago area plants, $0.1260, minus 0.055, times 8.2	.582	
Butter-powder price		2.891
Average of prices paid at specified local plants		2.843
Derivation of Class prices:		
Class II price:		
Higher of the local plant price ($2.843) or butter-powder price ($2.891) minus $0.183 (2.708)		
Class II price		2.843
Class I price:		
Highest of the three basic formula prices	2.908	
Add June differential ($1.23)	1.230	
	4.138	
Supply-demand adjustment:		
When average percentage of milk in Class I during preceding two months varies from average "base utilization percentage," add 3 cents for each point below; subtract 3 cents for each point above (+19.4 x .03 = $.582); Maximum, 45 cents	-.45	
Class I price		3.688

Table 4.--An illustration of milk pricing formula using economic indexes

(Calculation of Class I-A price under New York Federal Milk Order, June 1959)

Item	Price per hundredweight (3.5 percent fat test)
	Dollars
Adjusted base price:	
Bureau of Labor Statistics wholesale price index, April 1959, 108.4 (1955 = 100), times base price, $5.20, as specified in order	5.64
Supply-demand adjustment:	
Deviation of current percentage of milk in Class I from the "base utilization percentage" times adjusted base price (+0.006 x $5.64)	+0.03
Net price before seasonal adjustment	5.67
Seasonal adjustment (-.12 x 5.67)	-.68
Class I-A price	4.99

Table 5.--Type of formula used in determining Class I price in each of the Federal Order Markets, July 1, 1959

Market	Price based on-		Use	Market	Price based on-		Use
	Mfg. milk value	Economic index	Supply-demand factor		Mfg. milk value	Economic index	Supply-demand factor
NEW ENGLAND				WEST NORTH CENTRAL - Con.			
Boston		X	X	Des Moines	X		1/X
Merrimack Valley		X	1/X	Eastern South Dakota	X		
Springfield		X	1/X	Sioux Falls-Mitchell			
Worcester		X	1/X	Black Hills	X		
Southeastern New England		X	1/X	Sioux City	X		
Connecticut		X	1/X	Omaha-Lincoln-Council Bluffs	X		
MIDDLE ATLANTIC				Platte Valley	X		
New York - New Jersey		X	X	Southern Group			
Philadelphia		X	X	St. Louis	X		X
SOUTH ATLANTIC				Ozarks	X		1/X
Wilmington		X		Kansas City	X		X
Washington, D. C.				Neosho Valley	X		1/X
Wheeling	X		X	Wichita	X		
Clarksburg	X		X	Southwest Kansas	X		
Tri-State	X		X	EAST SOUTH CENTRAL			
Bluefield	X			Louisville	X		
Appalachian	X			Paducah	X		
Southeastern Florida	X	X	X	Knoxville	X		X
EAST NORTH CENTRAL				Nashville	X		X
Eastern Group				Memphis	X		X
Cleveland	X		X	Chattanooga	X		X
Akron-Stark County	X		1/X	Central Mississippi	X		
Upstate Michigan	X			Mississippi Delta	X		
Muskegon	X			Mississippi Gulf Coast	X		
Detroit	X		X	WEST SOUTH CENTRAL			
Toledo	X		X	Northern Group			
North Central Ohio	X		1/X	Central Arkansas	X		1/X
Dayton-Springfield	X		X	Fort Smith	X		
Columbus	X		X	Oklahoma Metropolitan Area	X		X
Cincinnati	X		X	Red River Valley	X		1/X
Western Group				Texas Panhandle	X		
Fort Wayne	X		X	Southern Group			
Milwaukee	X		1/X	New Orleans	X		X
Rockford-Freeport	X		1/X	North Louisiana	X		
Chicago	X		X	North Texas	X		X
South Bend-LaPorte	X		1/X	Austin-Waco	X		1/X
Michigan Upper Peninsula	X			San Antonio	X		1/X
Northeastern Wisconsin	X			Corpus Christi	X		1/X
WEST NORTH CENTRAL				Central West Texas	X		1/X
Northern Group				MOUNTAIN			
Duluth-Superior				Colorado Springs-Pueblo	X		
Minneapolis-St. Paul	X		X	Western Colorado	X		
Dubuque	X		1/X	Central Arizona	X		X
Cedar Rapids-Iowa City	X		1/X	PACIFIC			
Quad Cities	X		1/X	Puget Sound	X		
North Central Iowa	X		1/X	Inland Empire	X		X

1/ Class I price is tied to price in another market which has a supply-demand factor.

Table 6.--Type of pool in each Federal milk order market and markets where base-excess price plans are used as of July 1, 1959

Market	Type of pool: Individual handler	Type of pool: Market wide	Base-excess plan
NEW ENGLAND			
Boston		X	
Merrimack Valley		X	
Springfield		X	
Worcester		X	
Southeastern New England		X	
Connecticut		X	
MIDDLE ATLANTIC			
New York - New Jersey		X	
Philadelphia	X		
SOUTH ATLANTIC			
Wilmington	X		
Washington, D. C.		X	
Wheeling		X	X
Clarksburg		X	X
Tri-State	X		
Bluefield	X		X
Appalachian	X		X
Southeastern Florida		X	X
EAST NORTH CENTRAL			
Eastern Group			
Cleveland		X	X
Akron-Stark County		X	X
Upstate Michigan		X	
Muskegon		X	X
Detroit		X	X
Toledo	X		
North Central Ohio	X		X
Dayton-Springfield		X	
Columbus		X	
Cincinnati		X	
Western Group			
Fort Wayne		X	
Milwaukee	X		X
Rockford-Freeport		X	
Chicago		X	X
South Bend-LaPorte		X	X
Michigan Upper Peninsula	X		
Northeastern Wisconsin		X	
WEST NORTH CENTRAL			
Northern Group			
Duluth-Superior		X	
Minneapolis-St. Paul		X	X
Dubuque		X	
Cedar Rapids-Iowa City		X	
Quad Cities		X	
North Central Iowa	X		
WEST NORTH CENTRAL - Con.			
Des Moines		X	
Eastern South Dakota		X	X
Sioux Falls-Mitchell		X	
Black Hills		X	X
Sioux City		X	
Omaha-Lincoln-Council Bluffs		X	
Platte Valley		X	
Southern Group			
St. Louis		X	
Ozarks		X	
Kansas City		X	X
Neosho Valley		X	X
Wichita		X	X
Southwest Kansas		X	
EAST SOUTH CENTRAL			
Louisville		X	
Paducah		X	
Knoxville		X	X
Nashville	X		X
Memphis	X		X
Chattanooga		X	X
Central Mississippi		X	X
Mississippi Delta		X	X
Mississippi Gulf Coast		X	X
WEST SOUTH CENTRAL			
Northern Group			
Central Arkansas		X	X
Fort Smith	X		X
Oklahoma Metropolitan Area		X	X
Red River Valley		X	X
Texas Panhandle		X	X
Southern Group			
New Orleans		X	X
Northern Louisiana	X		X
North Texas		X	X
Austin-Waco	X		
San Antonio		X	
Corpus Christi	X		
Central West Texas		X	X
MOUNTAIN			
Colorado Springs-Pueblo		X	
Western Colorado	X		
Central Arizona		X	X
PACIFIC			
Puget Sound		X	X
Inland Empire		X	X

Table 7.--Minimum Class I prices and premiums in certain Federal order markets and dealers' buying prices in specified other markets, 1947-58 1/

Markets	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958
	Dol. per 100 lb.	Dol. per 100 lb.	Dol. per 100 lb.	Dol. per 100 lb.	Dol. per 100 lb.	Dol. per 100 lb.	Dol. per 100 lb.	Dol. per 100 lb.	Dol. per 100 lb.	Dol. per 100 lb.	Dol. per 100 lb.	Dol. per 100 lb.
Federal order markets												
Boston, Mass. 2/ Minimum	4.92	5.65	5.30	4.99	5.43	5.53	5.02	5.01	5.32	5.30	5.68	5.52
New York-New Jersey 2/3/Minimum	4.91	5.66	5.26	5.00	5.64	5.50	5.23	5.13	5.20	5.14	5.64	5.59
Premium									.06	.15		
Philadelphia, Pa. Minimum	4.92	5.32	5.33	5.04	5.64	5.99	5.69	5.39	5.34	5.29	5.39	5.45
4/Premium	.31	.15		.08	.15		.03	.07	.10	.15	.49	.20
Columbus, Ohio Minimum	4.26	4.99	4.02	4.01	4.73	5.08	4.63	4.27	4.29	4.45	4.52	4.36
Chicago, Ill. 5/Minimum	4.16	4.78	3.77	3.68	4.39	4.81	4.16	3.73	3.80	4.06	3.86	3.72
Premium											.09	.22
Minneapolis-St. Paul, Minn.												
Minimum	4.16	4.60	3.79	3.74	4.30	4.58	4.18	3.73	3.79	4.04	3.97	3.83
Premium						.04	.03					
Omaha, Nebr. Minimum	4.32	4.77	3.87	4.01	4.55	4.92	4.74	4.49	4.41	4.56	4.47	4.42
Premium	.05	.02	.11		.25	.18			.04	.29	.35	.10
Kansas City, Mo.-Kans. Minimum	4.37	4.94	4.22	4.20	4.92	5.44	4.69	4.32	4.36	4.48	4.46	4.43
Premium	.05	.14										
New Orleans, La. 6/Minimum	4.54	5.33	5.14	5.38	5.68	6.04	6.00	5.84	5.78	5.90	5.50	5.49
Premium	.47	.06	.14				.04	.02			.19	.18
Puget Sound, Wash. Minimum	---	---	---	---	7/5.28	5.57	4.99	4.74	4.74	4.83	4.86	4.73
Premium								.08	.08	.38	.66	.48
State regulated markets:												
Pittsburgh, Pa.	5.12	5.45	5.35	4.86	5.48	5.95	5.99	5.87	5.87	5.95	6.19	6.33
Richmond, Va.	5.48	6.02	5.99	5.88	6.32	6.37	6.52	6.34	6.20	6.15	6.30	6.35
Los Angeles, Calif.	4.80	5.09	4.82	4.41	5.06	5.77	5.55	4.95	4.95	5.03	5.11	5.09
Non-regulated markets												
Baltimore, Md.	5.32	5.84	5.57	5.49	6.03	6.21	6.20	5.82	5.64	5.58	5.60	5.65
Washington, D. C.	5.74	6.13	5.97	5.91	6.33	6.60	6.60	6.54	6.52	6.56	6.72	6.72
Denver, Colo.	4.66	4.88	4.94	4.99	5.46	5.85	6.02	5.89	5.85	5.89	5.95	5.95

1/ All prices are for milk of 3.5 percent fat, f.o.b. market unless indicated otherwise.
2/ 201-210 mile zone.
3/ New York, N. Y. prior to August 1, 1957.
4/ Premium is amount by which price established by State exceeded Federal price.
5/ 55-70 mile zone.
6/ 61-70 mile zone.
7/ Data based on part of year; pricing provisions effective June 1, 1951.

Table 8.--Quantities of milk in Class I as percentages of total purchases of milk in selected Federal order markets, selected years, 1947-58

Market	1947	1950	1953	1956	1958
	Pct.	Pct.	Pct.	Pct.	Pct.
NEW ENGLAND					
Boston, Mass.	64.4	54.1	52.4	54.8	53.5
Merrimac Valley 1/	89.6	81.6	77.3	75.6	70.0
Fall River, Mass.	96.4	96.4	89.6	96.5	92.5
MIDDLE ATLANTIC					
New York-New Jersey 2/	61.5	51.6	48.6	47.7	55.1
Philadelphia, Pa.	82.8	76.0	75.6	75.0	75.5
SOUTH ATLANTIC					
Tri-State Area, Ky.-Ohio-W. Va.	82.0	78.6	74.7	83.2	86.6
EAST NORTH CENTRAL					
Cleveland, Ohio	80.9	71.9	66.1	72.1	70.7
Toledo, Ohio-Mich.	78.7	79.4	81.6	88.7	89.1
Dayton-Springfield, Ohio	77.7	73.5	72.5	74.1	76.9
Columbus, Ohio	75.0	71.7	72.3	74.1	79.5
Cincinnati, Ohio	63.3	57.4	59.6	65.3	67.3
Fort Wayne, Ind.	77.5	61.2	54.7	57.0	60.3
Chicago, Ill.-Ind. 3/	55.8	50.1	46.6	49.2	44.9
South Bend-LaPorte-Elkhart, Ind. 4/	75.3	82.1	75.6	75.4	73.0
WEST NORTH CENTRAL					
Duluth-Superior, Minn.-Wis.	65.0	54.1	51.6	44.1	45.8
Minneapolis-St. Paul, Minn.-Wis.	59.8	59.0	59.2	67.3	65.1
Dubuque, Iowa	52.4	57.3	49.3	49.1	48.1
Quad Cities, Ill.-Iowa	90.0	74.8	61.0	54.5	57.5
Sioux City, Iowa-Neb.-S. Dak.	79.2	85.0	65.1	75.2	78.5
Omaha-Lincoln-Council Bluffs, Neb.-Iowa	65.6	73.2	69.0	71.0	81.4
St. Louis, Mo.-Ill.	84.7	80.6	82.4	78.9	81.3
Kansas City, Mo.-Kans.	72.8	68.4	74.4	70.5	77.1
Wichita, Kans.	80.4	68.5	66.5	69.1	76.0
EAST SOUTH CENTRAL					
Louisville, Ky.-Ind.	76.1	68.9	74.0	69.0	71.5
Nashville, Tenn.	97.3	82.2	75.6	75.2	80.1
WEST SOUTH CENTRAL					
New Orleans, La.	88.9	76.8	76.9	67.8	74.1

1/ Lowell-Lawrence until April 1, 1954.
2/ New York, N. Y. until August 1, 1958.
3/ Chicago, Ill.-Ind. merged with Suburban Chicago, Ill.-Ind. on July 1, 1951.
4/ South Bend-LaPorte until August 1, 1958.
Computed by the Standardization and Program Development Branch, Dairy Division, AMS.

Table 9 .--Average number of producers delivering milk, average daily delivery per producer during year, number of handlers at end of year, and 1950 population in 27 selected marketing areas under Federal orders, 1948 and 1958 with comparisons

Marketing area 1/	Producers delivering milk			Daily deliveries per producer			Handlers at end of year			Population
	1948	1958	1958 as a percentage of 1948	1948	1958	1958 as a percentage of 1948	1948	1958	1958 as a percentage of 1948	1950
	No.	No.	Pct.	Lb.	Lb.	Pct.	No.	No.	Pct.	Thou.
New England										
Boston, Mass.	13,023	10,721	82.3	272	470	172.8	66	51	77.3	2,233
Merrimack Valley, Mass.	919	969	105.4	253	426	168.4	44	40	90.9	320
Fall River, Mass.	256	313	122.3	382	818	214.1	32	24	75.0	126
Middle Atlantic										
New York-New Jersey	45,047	51,824	115.0	339	529	156.0	116	443	381.9	16,044
Philadelphia, Pa.	9,097	7,763	85.3	295	529	179.3	60	44	73.3	2,683
South Atlantic										
Tri-State Area, Ky.-Ohio-W. Va.	1,439	1,965	136.6	213	322	151.2	29	26	89.7	592
East North Central										
Cleveland, Ohio	8,530	7,721	90.5	192	415	216.1	88	56	63.6	1,611
Toledo, Ohio	2,105	1,518	72.1	191	504	263.9	13	14	107.7	539
Dayton-Springfield, Ohio	2,828	2,157	76.3	198	464	234.3	29	19	65.5	480
Columbus, Ohio	2,386	1,795	75.2	215	453	210.7	22	10	45.5	456
Cincinnati, Ohio	5,298	3,766	71.1	168	324	192.9	41	32	78.0	724
Fort Wayne, Ind.	931	878	94.3	250	337	134.8	13	9	69.2	134
Chicago, Ill.	22,039	20,304	92.1	405	702	173.3	144	87	60.4	5,373
South Bend-LaPorte, Ind.	764	1,127	147.5	264	540	204.5	23	26	113.0	195
West North Central										
Duluth-Superior, Minn.-Wis.	1,180	1,308	110.8	187	369	197.3	10	8	80.0	148
Minneapolis-St. Paul, Minn.	5,517	3,308	60.0	301	690	229.2	33	22	66.7	1,066
Dubuque, Iowa	204	241	118.1	348	651	187.1	8	6	75.0	55
Quad Cities, Ill.-Iowa	643	950	147.7	315	591	187.6	24	21	87.5	243
Sioux City, Iowa	503	360	71.6	165	519	314.5	9	5	55.6	98
Omaha-Lincoln-Council Bluffs, Nebr.-Iowa	2,216	1,498	67.6	154	505	327.9	11	19	172.7	440
St. Louis, Mo.	3,297	3,722	112.9	287	487	169.7	39	34	87.2	1,420
Kansas City, Mo.-Kans.	2,264	3,346	147.8	273	476	174.4	25	35	140.0	1,080
Wichita, Kans.	529	797	150.7	285	642	225.3	6	8	133.3	210
East South Central										
Louisville, Ky.	1,766	1,935	109.6	309	520	168.3	30	23	76.7	590
Paducah, Ky.	195	309	158.5	197	427	216.8	4	5	125.0	123
Nashville, Tenn.	658	1,470	223.4	370	441	119.2	11	11	100.0	372
West South Central										
New Orleans, La.	2,397	2,378	99.2	206	391	189.8	26	33	126.9	799

1/ Comparative data in table have not adjusted for any expansion in area over the decade, some of which was substantial such as for New York-New Jersey.

Table 10.--Average number of producers delivering milk, average daily delivery per producer during year; number of handlers at end of year, and 1950 population in 47 selected marketing areas under Federal orders, 1958

Marketing area	Producers delivering milk	Daily deliveries per producer	Handlers at end of year	Population 1950
	No.	Lb.	No.	Thou.
New England				
Springfield, Mass.	1,038	551	34	392
Worcester, Mass.	721	570	30	279
South Atlantic				
Wilmington, Del.	484	572	12	209
Wheeling, W. Va.	1,301	320	25	414
Clarksburg, W. Va.	531	371	10	260
Bluefield, W. Va.-Va.	272	515	5	221
Appalachian, Tenn.-Va.-Ky.	686	550	8	378
Southeastern Florida	96	10,865	14	724
East North Central				
Akron-Stark County, Ohio	2,302	450	22	734
Upstate Michigan	539	490	23	164
Muskegon, Mich.	539	518	18	188
Detroit, Mich.	11,676	459	65	3,163
North Central Ohio area	1,190	440	22	256
Milwaukee, Wis.	2,099	764	13	912
Rockford-Freeport, Ill.	191	759	7	167
Michigan Upper Peninsula	837	418	31	288
Northeastern Wisconsin	1.336	747	72	819
West North Central				
Cedar Rapids-Iowa City, Iowa	744	680	7	100
North Central Iowa	758	766	24	223
Des Moines, Iowa	1,329	469	27	626
Eastern South Dakota	135	637	13	49
Sioux Falls-Mitchell, S. Dak.	328	747	7	66
Black Hills, S. Dak.	141	801	10	78
Platte Valley, Nebr.	363	600	9	80
Ozarks, Mo.-Ark.	1,091	465	15	409
Neosho Valley, Kans.-Mo.	760	425	9	356
Southwest Kansas	270	554	11	104
East South Central				
Knoxville, Tenn.	996	467	13	267
Memphis, Tenn.	1,041	514	10	522
Chattanooga, Tenn.	786	496	20	273
Central Mississippi	1,044	464	19	803
Mississippi Delta	293	450	9	673
West South Central				
Central Arkansas	985	539	17	547
Fort Smith, Ark.	263	456	3	54
Oklahoma Metropolitan Area	2,598	488	25	774
Red River Valley, Texas	573	667	12	381
Texas Panhandle	546	632	10	235
Northern Louisiana	528	654	13	466
North Texas	3,120	763	26	1,437
Austin-Waco, Texas	414	921	11	566
San Antonio, Texas	514	1,092	12	500
Corpus Christi Area, Texas	428	916	9	571
Central W. Texas, Abilene zone	553	823	9	306
Mountain				
Western Colorado	155	672	6	72
Central Arizona	446	2,294	18	597
Pacific				
Puget Sound, Wash.	3,607	747	47	1,332
Inland Empire, Wash.-Idaho	866	506	13	292

Table 11.--Milk production and utilization: Ozarks, Missouri-Arkansas Federal milk marketing area and the State of Missouri, 1951-58

Year	Producers deliveries and Class I sales in Ozarks Area 1/				
	Average number of producers	Daily milk deliveries per producer	Total milk deliveries by producers	Class I sales	Class I sales as a percentage of total deliveries 2/
	No.	Lb.	Mil. lb.	Mil. lb.	Pct.
1951	924	376	106	70	66.4
1952	1,014	365	136	97	71.4
1953	1,177	378	162	86	53.1
1954	1,262	392	180	100	55.3
1955	1,285	400	188	123	65.5
1956	1,230	444	200	124	62.3
1957	1,151	464	195	132	67.5
1958 3/	1,091	465	185	131	71.1

	Production and use of milk and cream in Missouri			
	Total produced on farms	Sold to plants and dealers	Used in factory products	Sales minus used in factory products
	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.
1951	4,040	3,248	2,015	1,233
1952	3,817	3,090	1,993	1,097
1953	3,969	3,270	2,428	842
1954	4,122	3,436	2,407	1,029
1955	4,134	3,484	2,418	1,066
1956	4,159	3,543	2,538	1,005
1957	4,034	3,465	2,385	1,080
1958 3/	3,818	3,280	n.a.	n.a.

1/ Data begins March 1, 1951. From that date through July 31, 1954 data pertains to Springfield, Missouri, an area smaller than that defined as Ozarks, Missouri-Arkansas. 2/ Computed from unrounded figures. 3/ Preliminary. N.a.-not available.

Table 12.--Dealers' buying prices for milk of 3.5 fat test, Ozarks, Missouri-Arkansas and Eau Claire, Wisconsin, 1951-58

Year	Dealers' buying prices		
	Ozarks, Mo.-Ark.	Eau Claire, Wis. 1/	Ozarks minus Eau Claire
	Dol.	Dol.	Dol.
1951	2/4.62	4.05	0.57
1952	5.18	4 47	.71
1953	4.58	3.82	.76
1954	4.07	3.39	.68
1955	4.01	3.46	.55
1956	4.39	3.72	.67
1957	4.04	3.61	.43
1958	4.05	3.60	.45

1/ Dealers' buying price for Chicago 55-70 mile zone less $.34 (price differential for 18th zone). 2/ Data begins March 1, 1951. From that date through July 31, 1954 data pertains to Springfield, Missouri, an area smaller than that defined as Ozarks, Missouri-Arkansas.